

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
 MEDICAL ASSISTANCE PROGRAM
 STATE OF LOUISIANA

ATTACHMENT 4.19-B

Item 9. Page 1

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

<u>CITATION</u>	Medical and Remedial Care and Services	Clinic Services (Other than Hospitals)
42 CFR	Item 9.	re reimbursed as follows:
447.352		

I. Method of Payment

A. Mental Health Clinics, Substance Abuse Clinics, Family Planning Clinics, End Stage Renal Disease Facilities, and Radiation Therapy Centers.

- (1) Payment to public mental health and substance abuse clinics is made for these services on the basis of costs.

Payment to family planning clinics is made at the same prospective fee for service as authorized for Physicians and other provider services covered under the plan. For those services not covered elsewhere in the plan, payment is based on 1987 audited costs determined to be reasonable. Reimbursement for services provided under this section shall be adjusted to reflect any rate increase granted under Physician and other provider services covered under the plan. Those services not covered elsewhere in the plan shall be limited to the average cost granted for other services provided under this section.

- (2) Payment to private mental health and substance abuse clinics is based on charges not to exceed a reasonable rate set by the State. Public clinic cost data will be used as one of the determinants of forming a basis to establish rates for private clinics. Charge data will also be a factor in rate determination. The reimbursement rate for group counseling/therapy in substance abuse clinics is set at \$10.00 per eligible recipient in the group up to a maximum of six (6) participants.

STATE <u>LA</u>	A)
DATE RECD <u>9-9-97</u>	
DATE APPL <u>12-4-97</u>	
DATE <u>8-1-97</u>	
HCFR 177 <u>97-14</u>	

Payment to freestanding End Stage Renal Disease (ESRD) facilities and radiation therapy centers are reasonable charges not to exceed Medicare payments.

TN# 97-14 Approval Date _____ Effective Date _____

Supersedes

TN# 88-46

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Citation MEDICAL AND REMEDIAL
42 CFR CARE AND SERVICES
447.352 Item 9 (Continued)

- (4) Louisiana Medical Assistance Program uses a statewide flat fee-for-service reimbursement methodology for services provided by prenatal health care clinics.

Determination of flat-fee amounts was based on review of billed charges, maximum allowable prices on file, and average amounts paid for the full service aspect of all payable CPT procedure codes for calendar year 1984. This review was conducted by Medical Assistance Program staff and consultant physicians. Prices for full service were adjusted only when the maximum allowable payment for a given procedure was found to be out of line with the difficulty of the procedure. Other types of service prices were calculated using the same percentage formula as that used by Medicare (20% of full service for assistant surgeon, 40% of full service for professional component only). For services added as newly payable, Medicare state-wide prevailing fees were obtained and reduced by 30%. For items of care, service and procedure not covered by Medicare Part B, and no reasonable charges were set by the Medicare contractor, prices were based on review of statewide billed charges for that service in comparison with set charges for similar services or, if no similar services, based upon consultant physicians' review and recommendations of reasonable charges. National Medicare Laboratory Fee Schedules were adopted for those laboratory services covered by the Fee Schedule.

Changes in the established flat rate which are found to be necessary for any item of care, service or procedure shall be reviewed as follows:

STATE	LA	A
DATE RECD	JAN 05 1988	
DATE APPVD	JAN 25 1989	
DATE EFF	JUL 1 1988	
HCFN	88-26	

TN# 88-26 Approval Date JAN 25 1989 Effective Date OCT 01 1988
Supersedes
TN# 87-12 page 1a

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

ATTACHMENT 4.19-B

Item 9, Page 3

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Citation MEDICAL AND REMEDIAL
42 CFR CARE AND SERVICES
447.352 Item 9 (Continued)

The Medical Assistance Program shall review and make changes based on statewide billed charges for that service in comparison with set charges for similar services, and consultant physicians' review and recommendations of reasonable charges.

For items of care, service and procedure that do not have charges set by the Medicare contractor, the Medical Assistance Program shall make changes based upon review of statewide billed charges for that service in comparison with set charges for similar services or, if no similar services, based upon consultant physician' review and recommendations of reasonable charges.

The reimbursement fee for items of care, services and procedures then becomes the maximum allowable payable under the Medical assistance Program.

Each item of care service and procedure has assigned to it a Health Care Procedure Code (HCPC). For each HCPC a maximum reimbursement (flat-fee) is assigned and automated payment is made based on the flat-fee amount assigned to each HCPC, not to exceed billed charges. Providers are advised to bill usual and customary charges in order for the Agency to continue to use these charges to establish prevailing fees in Louisiana.

B. Ambulatory Surgical Centers

Payment is made on a flat fee basis to ambulatory surgical centers. Certain outpatient surgeries are reimbursed a flat fee per service/occurrence in accordance with

STATE	LA
DATE RECD	JAN 25 1989
DATE APPVD	JAN 01 1988
DATE CHG	88-26
HCFA 174	

A

TN# 88-26 Approval Date JAN 25 1989 Effective Date _____
Supersedes
TN# 87-12 page 1b

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Citation MEDICAL AND REMEDIAL
42 CFR CARE AND SERVICES
447.352 Item 9 (Continued)

four groupings as specified in Chapter 19, not to exceed the Medicare maximums for ambulatory surgeries. Surgeries not included in these groupings continue to be reimbursed at the State's flat fee amount.

This flat fee covers all operative functions attendant to medically necessary surgery performed at the center by a private physician, osteopathic physician, or dentist (for emergency and life threatening conditions and for EPSDT eligibles) including admitting and laboratory tests, patient history and physical, operating room staffing and attendants, recovery room charges and discharge. It includes all supplies related to the surgical care of the patient while in the center. The flat fee payment excludes the physician fee, the radiologist fee, or the anesthesiology fee for private physicians not under contract to the Center as well as any prosthetic devices related to the surgery which must be billed separately as Durable Medical Equipment.

STATE	LA
DATE REC'D	JAN 25 1989
DATE APVD	JAN 25 1989
DATE	OCT 01 1988
NO.	88-26

C. Tuberculosis (TB) and Sexually Transmitted Disease (STD) Control Clinics

Payment to TB and STD clinics is made at the same prospective fee for service as authorized for Physicians and other provider services covered under the plan. For those services not covered elsewhere in the Plan, payment is based on 1987 costs determined to be reasonable. Reimbursement for services provided under this section shall be adjusted to reflect any rate increase granted under Physician and other provider services covered

TN# 88-26

Approval Date JAN 25 1989

Effective Date OCT 01 1988

Supersedes

TN# 87-12 page 16

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902 (A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

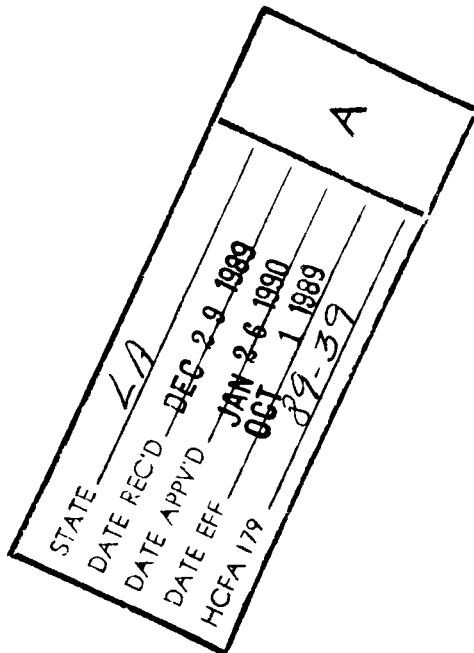
<u>CITATION</u>	MEDICAL AND REMEDIAL	under the plan. Those services not
42 CFR	CARE AND SERVICES	covered elsewhere in the plan shall
447.352	Item 9 (Cont.)	be limited to the average cost granted for other services provided under this section.

II. Standards for Payment

- A. "Clinic services" are diagnostic preventive, therapeutic, rehabilitative or palliative items or services furnished to an outpatient by or under the direction of a physician in a facility which is not part of a hospital but which is organized and operated to provide medical care to patients.

Mental health clinics must meet the standards for psychiatric facilities providing clinic services as determined by the Bureau of Health Services Financing, Health Standards Section. Substance abuse clinics must be licensed by the BHSF, Health Standards Section. ERSD facilities must meet the Title XVIII qualifications and be Medicare certified as free-standing end stage renal disease facilities. Radiation therapy centers must adhere to all federal and state laws governing radiation control.

- B. "Ambulatory Surgical Centers services" must be medically necessary diagnostic preventive, therapeutic, rehabilitative or palliative items or services furnished to an outpatient by or under the direction of a physician, osteopathic physician or dentist (for emergency and life threatening conditions and for EPSDT eligibles) in a facility which is not part of a hospital but which is organized and operated to provide Medicare to patients. This facility does not provide services or other accommodations for patients



TN# 89-39
Supersedes
TN# 88-26

Approval Date JAN 26 1990

Effective Date

OCT 1 1989

STATE PLAN UNDER TITLE XIX OF THE SOCIAL
SECURITY ACT MEDICAL ASSISTANCE PROGRAM

Attachment 4.19-B

Item 9

Page 6

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES—OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1902 (A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

Citation Medical and Remedial Clinic Services (Other than Hospitals)
 Care and Services

42 CFR Item 9 (Cont.)
447.352

stay overnight. Therefore, the Ambulatory Surgical Centers shall have a system to transfer patients requiring emergency admittance or overnight care to a fully licensed and certified Title XIX hospital following any surgical procedure performed at the facility.

Prenatal Health Care, Tuberculosis (TB) and Sexually Transmitted Disease (STD) Control Clinics must meet the requirements of 42 CFR 440.90 and are subject to the same standards as physicians participating in Title XIX reimbursement.

For obstetrical and pediatric codes and applicable rates, see Item 5.

STATE <u>LA</u>	A
DATE REC'D <u>3-30-90</u>	
DATE APPV'D <u>5-30-90</u>	
DATE EFF <u>4-1-90</u>	
HCFA 179 <u>90-9</u>	

TN# 90-9 Approval Date 5-30-90 Effective Date 4-1-90
Supersedes
TN# 88-26

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

Attachment 4.19-B
Item 12.a.
Page 1

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ENSURING PAYMENT RATES

OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

<u>CITATION</u>	Medical and Remedial	<u>Prescription drugs, dentures, and prosthetic devices and Eyeglasses Prescribed</u>
42 CFR	Care and Services	<u>by a Physician Skilled in Diseases of the Eye, or by an Optometrist.</u>
447	Item 12.a.	
Subpart D		<u>Prescribed Drugs</u> are reimbursed as follows:

I. METHODS OF PAYMENT

Maximum and minimum payment rates for medications - pharmacy or dispensing physician are as follows:

A. Maximum Pharmaceutical Price Schedule

The Maximum payment by Louisiana Medicaid Program for a prescription shall be no more than the cost of the drug established by the state plus the established maximum allowable overhead cost. Each pharmacy's records shall establish that the overhead cost paid by Louisiana Medicaid Program does not exceed reimbursement for overhead costs paid by others. This also applies to the payment for insulin, diabetic supplies, indwelling catheters, and catheterization trays for which the over head cost may not exceed 50% of the wholesaler price shown in the pharmacy's purchasing records.

B. Payment for Medications to Dispensing Physicians/Practitioners

Payment will be made for medications dispensed by a physician or other practitioner (within the scope of practice as prescribed by State Law) on a continuing basis only when his main office is more than five miles from a facility which dispenses drugs.

Under the above circumstances, vendor payment (when the treating prescriber dispenses his own medications and bills Louisiana Medicaid Program under his own name or the name of his own clinic or hospital) will be made on the same basis as a pharmacist as specified in Paragraph A. above.

II. STANDARDS FOR PAYMENT

- A. Reimbursement will be made for medications following payment procedures for a Medicaid Program enrollee presenting proper identification.
- B. The pharmacy must be licensed to operate in Louisiana, except:
 - 1. as provided for a person residing near the state line; or
 - 2. as provided for an enrollee visiting out-of-state.
- C. Payment will be made only to providers whose records are subject to audit.

III. REIMBURSEMENT LIMITS

Payments shall be limited to Drugs covered by Louisiana Medicaid Program.

A. Definitions

STATE <u>LOUISIANA</u>	
DATE REC'D <u>12-31-96</u>	A
DATE ADD'D <u>03-17-97</u>	
DATE <u>10-01-96</u>	
HCEA <u>96-42</u>	

TN# 96-42 Approval Date 03/17/97 Effective Date 10/01/96
Supersedes
TN# 92-01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PLAN

ATTACHMENT 4.19-B
Item 12.a., Page 2

STATE OF LOUISIANA

PAYMENT FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN, ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial Care and Services
42 CFR 447 Item 12.1. (Continued)
Subpart D

"Multiple Source Drug" means a drug marketed or sold by two or more manufacturers or labelers or a drug marketed or sold by the same manufacturer or labeler under two or more different proprietary names or both under a proprietary name and without such a name.

"Average Wholesale Price" (AWP) means the wholesale price of a drug product as reported to Medicaid of Louisiana by one or more national compendia on a weekly basis.

"Estimated Acquisition Cost" (EAC) means the modified Average Wholesale Price of the drug dispensed and identified by the manufacturer number, product number, and package number usually purchased by a provider from a supplier whose products are generally available to all pharmacies and reported in one or more national compendia. EAC for drug products supplied through repackaging into smaller quantities by chain drugstore central purchasing shall be based on the package size purchased by the central purchasing unit. Supporting documentation (invoices) shall be made available to the agency or its designee upon request. This limitation includes drug products which are repackaged or relabeled by the manufacturer or third party under any type of purchase contract or agreement. Bulk purchase practices which result in price reductions not generally available to all pharmacies shall also be subject to this limitation. If the package size is larger than the largest size listed by Medicaid of Louisiana, then EAC will be based on the largest size listed in the American Druggist Blue Book or other national compendia utilized by the State to update the Medicaid Management Information System (MMIS).

"Modified" means the lower of the following applicable limits:

AWP minus either 10.5% for independent pharmacies (all pharmacies not included in the chain pharmacy designation) or 13.5% for chain pharmacies (five or more Medicaid enrolled pharmacies under common ownership) for:

Other Drugs not subject to LMAC limits; and

Drugs exempt from LMAC or Federal Upper Limits by physician override;

LMAC limits on multiple source drugs established by Medicaid of Louisiana as set forth below; and

Federal Upper Limits on multiple source drugs established by HCFA as set forth below.

"Maximum Allowable Overhead Cost" means the expense incurred by pharmacy providers in dispensing covered drugs as determined by Medicaid of Louisiana. Section V. of Item 12.a. describes the complete methodology utilized.

Federal Upper Limits (FUL) For Multiple Source Drugs

1. Except for drugs subject to "Physician Certification", Medicaid of Louisiana shall utilize listing established by HCFA that identify and set upper limits for multiple source drugs that meet the following requirements:

(a) All of the formulations of the drug approved by the Food and Drug Administration (FDA) have been evaluated as therapeutically equivalent in the most current edition of their publication, Approved Drug

STATE Louisiana
DATE 8-25-99
TIME 3-9-00
DATE 7-1-99
HCFA 99-12

TN# 99-12

Approval Date 3-9-00

Effective Date 7-1-99

Supersedes

TN# 92-01

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

Attachment 4.19-B
Item 12.a.
Page 3

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ENSURING PAYMENT RATES

OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN, ARE DESCRIBED AS FOLLOWS:

Citation: MEDICAL AND REMEDIAL
42 CFR CARE AND SERVICES
447 Subpart D. Item 12.a. (Continued)

Products with Therapeutic Equivalence Evaluations, including supplements or in-successor publications;

(b) At least three suppliers list the drug, classified by FDA as category "A", in published compendia of cost information for drugs available for sale nationally.

2. Medicaid of Louisiana shall utilize the maximum acquisition cost established by HCFA in determining Multiple Source Drug cost.
3. Medicaid of Louisiana shall provide participating Pharmacists with updated lists reflecting the multiple source drugs subject to Federal Multiple Source Drug Cost requirements, the maximum reimbursement amount per unit, and the date such costs shall become effective.

C. Other Drug Cost Limits

1. Payments for drugs other than Multiple Source Drugs not exempted by "physician Certification" shall be based on the lower of:
 - (a) Medicaid of Louisiana's Estimated Acquisition Cost plus the maximum overhead cost allowed; and
 - (b) The provider's usual and customary charge to the general public; not to exceed Medicaid of Louisiana's "Maximum Pharmaceutical Price Schedule".
2. Louisiana Maximum Allowable Cost (LMAC) Limits

LMAC is the median AWP cost for a specific strength/unit drug determined by listing the wholesale costs for each readily available manufacturer, labeler, etc. and taking the median of those AWP costs (one-half will be above the median cost and one-half will be below the median cost). LMAC limits may be adjusted by Medicaid of Louisiana based on charges in the availability and EAC of the drugs.

Medicaid of Louisiana shall make determinations of which multiple source drugs are to be subject to LMAC regulation based on the availability and EAC of drugs to providers. The availability of a drug product will be determined by review of provider claim data. Providers shall be given advance notice of any additions, deletions, or adjustments in price. A complete LMAC cost listing will be distributed periodically. Any provider may request and receive, at no charge, one complete listing annually.

In no instance shall an enrollee be required to provide payment for any difference in a prescription price that may occur with implementation of the LMAC limit, nor may Medicaid of Louisiana use a cost which exceeds the established maximums except for Physician Certification for Brand Name Drugs.

STATE <u>Louisiana</u>	A	
DATE REC'D <u>FEB 14 1992</u>		
DATE APPV'D <u>JUL 02 1992</u>		
DATE EFF <u>JUL 01 1992</u>		
HCFA 179 <u>42-01</u>		
TN# <u>92-01</u>	Approval	Effective Date <u>JUL 01 1992</u>
Supersedes <u>89-18</u>	Date <u>JUL 02 1992</u>	
TN# <u>89-18</u>		

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM

Attachment 4.19-B

Item 12.a.

Page 4

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES
METHODS AND STANDARDS FOR ENSURING PAYMENT RATES

OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial
42 CFR Care and Services
447 Subpart D. Item 12.a.(Continued)

D. Lower of Reimbursement For Multiple Source Drugs

The agency shall make payments for Multiple Source Drugs other than drugs subject to "Physician Certification" based on the lower of:

1. Any applicable Louisiana Maximum Allowable Cost limit, plus the established maximum allowable overhead cost;
2. Any applicable Federal Upper Limit for multiple source drugs, plus the established maximum allowable overhead cost;
3. The provider's usual and customary charges to the general public, not to exceed the "Maximum Pharmaceutical Price Schedule", and
4. The average wholesale price of the drug product, subject to Medicaid of Louisiana's limits on purchasing practices as outlined in the definition of EAC and IV.K.

E. Physician Certifications

Limits on payments for multiple source drugs shall not be applicable when the prescriber certifies in his own handwriting that a specified brand name drug is medically necessary for the care and treatment of a beneficiary. Such certification shall be written directly on the prescription or on a separate sheet which is attached to the prescription. The wording of the certification should testify to the medical necessity of the brand name drug by stating either "brand medically necessary" or "brand necessary".

Any practice which precludes the prescriber's handwritten statement, shall not be accepted as valid certification. Such practices include, but are not limited to:

1. A printed box on the prescription blank that could be checked by the prescriber to indicate brand necessity.
2. A handwritten statement transferred to a rubber stamp and then stamped on the prescription blank.
3. Preprinted prescription forms using a facsimile of the prescribers handwritten statement.

IV. GENERAL REQUIREMENTS APPLICABLE TO ALL PRESCRIPTIONS

For all prescriptions, the maximum quantity payable shall be a month's supply or 100 unit doses, whichever is greater. The quantity billed shall be that prescribed, unless it exceeds the maximum quantity payable. In such cases, the maximum quantity payable shall be filled. The maximum quantity payable for prescription drugs for the treatment of erectile dysfunction is six (6) units per month.

B. When maintenance drugs are prescribed and dispensed for chronic illness, they shall be in quantities sufficient to effect economy in dispensing and yet be medically sound. Listed below are drugs Medicaid of Louisiana considers to be maintenance type drugs and which should be prescribed and dispensed in a month's supply:

A	
STATE	6-25-98
DATE REC'D	6-25-98
DATE APP'D	5-22-98
DATE ENR'D	5-22-98
MOFA	5-22-98

TN# 98-11 Approval Date 7-8-98 Effective Date 5-22-98

Supersedes

TN# 92-01